OPES ASIA DEVELOPMENT LIMITED
華保亞洲發展有限公司 *

(Continued into Bermuda with limited liability)

(Stock Code: 810)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

RESULTS

The Board of Directors (the "Board") of Opes Asia Development Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	**2012** **HK$**	2011 *HK$*
Turnover	*4*	**53,590,928**	19,686,234
Cost of equity securities disposed of		**(52,660,905)**	(17,029,332)
Change in fair value of derivative component in convertible bond receivable		**(3,890,460)**	–
Unrealised fair value change on financial assets at fair value through profit or loss		**(12,544,282)**	(20,616,567)
Impairment loss on available-for-sale financial assets		**(2,640,000)**	(9,360,000)
Interest income on convertible bond		**3,705,212**	–
Dividend income		**472,184**	475,663
Gross loss		**(13,967,323)**	(26,844,002)
Other income	*5*	**371,107**	3,975
Administrative expenses		**(24,164,549)**	(13,133,048)
Other operating expenses		**(3,159,098)**	(2,500,088)
Finance costs	*6*	**(3,578)**	(18)
Loss before income tax		**(40,923,441)**	(42,473,181)
Income tax expenses	*7*	**(21,945)**	–
Loss for the year		**(40,945,386)**	(42,473,181)
Loss per share attributable to owners of the Company	*9*		
Basic *(HK cents)*		**(13.7)**	(19.2)
Diluted *(HK cents)*		**(13.7)**	(19.2)

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$	*HK$*
Loss for the year	**(40,945,386)**	(42,473,181)
Other comprehensive (loss)/income, net of income tax:		
Changes in fair value of available-for-sale financial assets	**(3,280,718)**	(1,725,000)
Exchange differences arising from translation of foreign operations	**4,914**	–
Other comprehensive loss for the year, net of income tax	**(3,275,804)**	(1,725,000)
Total comprehensive loss for the year	**44,221,190**	(44,198,181)
Total comprehensive loss attributable to owners of the Company	**44,221,190**	(44,198,181)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Note	2012 HK$	2011 HK$
ASSETS			
Non-current asset			
Property, plant and equipment		**3,381,513**	1,682,134
Intangible asset		**120,000**	–
Convertible bond receivable	*10*	**21,672,209**	–
Derivative component in convertible bond receivable	*10*	**185,850**	–
Available-for-sale financial assets		**15,414,282**	9,735,000
Financial assets at fair value through profit or loss		**9,808,750**	16,815,000
		50,582,604	28,232,134
Current assets			
Financial assets at fair value through profit or loss		**16,125,018**	49,608,810
Deposits for acquisition of investments		**5,000,000**	5,000,000
Other receivables, prepayments, deposits		**4,302,866**	4,888,999
Cash and cash equivalents		**12,637,602**	30,206,869
		38,065,486	89,704,678
Total assets		**88,648,090**	117,936,812
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**2,993,000**	2,494,200
Reserves		**83,928,079**	111,808,582
Total equity		**86,921,079**	114,302,782
LIABILITIES			
Current liabilities			
Other payables and accruals		**1,721,394**	3,634,030
Tax payables		**5,617**	–
Total liabilities		**1,727,011**	3,634,030
Total equity and liabilities		**88,648,090**	117,936,812
Net current assets		**36,338,475**	86,070,648
Total assets less current liabilities		**86,921,079**	114,302,782

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules"). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets at fair value through profit or loss, which are carried at fair value.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA which are effective for the Group's financial period beginning 1 January 2012. A summary of the new HKFRSs are set out as below:

HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

The application of these new HKFRSs has no material impact on the amounts reported for the current year and prior years.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Dates of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 10, 11 & 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HK(IFRIC) – Int 21	Levies[3]

[1] *Effective for annual periods beginning on or after 1 July 2012.*
[2] *Effective for annual periods beginning on or after 1 January 2013.*
[3] *Effective for annual periods beginning on or after 1 January 2014.*
[4] *Effective for annual periods beginning on or after 1 January 2015.*

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Annual Improvements to HKFRSs 2009-2011 Cycle

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments to HKFRSs include:

HKAS 1 (Amendments)

– HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

– The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

HKAS 32 (Amendments)

– The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*.

These amendments are effective from 1 January 2013, with earlier application permitted.

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures (Continued)

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

HKAS 1 (Amendments) Presentation of items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKAS 19 (Amendments) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

HKAS 36 (Amendments) Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has seven (2011: six) reportable business segments. Each business segment is managed separately and is engaged in investment in listed and unlisted companies in Hong Kong, the PRC, Macau and Australia. The following summary describes the operations in each of the Group's reportable business segments.

Listed investments

There are four (2011: three) reportable business segments under this category, namely investment in listed companies on the Stock Exchange of Hong Kong, investment in a listed company on the Shenzhen Stock Exchange, investment in a listed company on the Australian Securities Exchange Limited and investment in a listed company on the New York Stock Exchange Euronext. The major sources of net income from these four business segments are gains on disposals of listed securities and dividend income, if any.

Unlisted investments

There are three (2011: three) reportable business segments under this category, namely investments in unlisted companies in Hong Kong, the PRC and Macau. The major sources of income of these three business segments are dividend income from investments or guaranteed return provided by counterparties of the unlisted investments.

3. SEGMENT INFORMATION (Continued)

Segment results represent the (loss)/profit for the year in each business segment. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and assessment of segment performance. Segment results exclude other income such as interest income and unallocated corporate expenses such as administrative and other operating expenses.

Information regarding the Group's reportable business segments as provided to the Group's chief operating decision maker for the purposes of allocation and assessment of segment performance for the year is set out below.

	Listed investments				Unlisted investments			
	Hong Kong *HK$*	The PRC *HK$*	Australia *HK$*	United States *HK$*	Hong Kong *HK$*	The PRC *HK$*	Macau *HK$*	Total *HK$*
2012								
TURNOVER	45,245,283	5,705,645	–	–	–	2,640,000	–	53,590,928
Segment results	(6,644,238)	1,017,800	(8,272,980)	117,343	–	(2,640,000)	(185,248)	(16,607,323)
Interest income								370,956
Unallocated sundry income								151
Interest expenses								(3,578)
Depreciation								(934,928)
Unallocated expenses								(23,748,719)
Income tax expenses								(21,945)
Loss for the year								(40,945,386)
Segment assets	24,888,100	–	–	1,045,668	14,106,282	6,308,000	24,594,752	70,942,802
Unallocated assets*								17,705,288
Total assets								88,648,090
Segment liabilities	–	–	–	–	–	–	–	–
Unallocated liabilities								1,727,011
Total liabilities								1,727,011
Capital expenditures	–	–	–	–	–	–	–	–
Unallocated capital expenditures								2,754,307
Total capital expenditures								2,754,307

* *Unallocated assets mainly included cash and cash equivalents of HK$12,637,602, property, plant and equipment of HK$3,381,513 and intangible asset of HK$120,000.*

3. SEGMENT INFORMATION (Continued)

	Listed investments			Unlisted investments			
	Hong Kong *HK$*	The PRC *HK$*	Australia *HK$*	Hong Kong *HK$*	The PRC *HK$*	Macau *HK$*	Total *HK$*
2011							
TURNOVER	17,046,234	–	–	–	2,640,000	–	19,686,234
Segment results	(10,588,315)	(668,724)	(8,866,963)	–	(6,720,000)	–	(26,844,002)
Interest income							3,975
Interest expenses							(18)
Depreciation							(152,709)
Unallocated expenses							(15,480,427)
Loss for the year							(42,473,181)
Segment assets	53,462,985	4,687,845	8,272,980	–	12,375,000	5,000,000	83,798,810
Unallocated assets*							34,138,002
Total assets							117,936,812
Segment liabilities	–	–	–	–	–	–	–
Unallocated liabilities							3,634,030
Total liabilities							3,634,030
Capital expenditures	–	–	–	–	–	–	–
Unallocated capital expenditures							1,733,146
Total capital expenditures							1,733,146

* *Unallocated assets mainly included cash and cash equivalents of HK$30,206,869 and property, plant and equipment of HK$1,682,134.*

4. TURNOVER

The Group is engaged in investment in equity securities. Revenues recognised during the year are as follows:

	2012	2011
	HK$	*HK$*
Sales of equity securities	**50,950,928**	17,046,234
Investment income	**2,640,000**	2,640,000
	53,590,928	19,686,234

5. OTHER INCOME

	2012	2011
	HK$	*HK$*
Interest income		
– Bank interest income	**2,906**	3,975
– Other interest income	**368,050**	–
Sundry income	**151**	–
	371,107	3,975

6. FINANCE COSTS

	2012	2011
	HK$	*HK$*
Interest on bank overdrafts	**3,578**	18

7. INCOME TAX

	2012	2011
	HK$	*HK$*
Current income tax		
– the PRC enterprise income tax	**21,945**	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2012 and 2011.

The PRC enterprise income tax is calculated at 25% of the estimated assessable profit for the years ended 31 December 2012.

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2011: Nil).

The tax expenses for the year can be reconciled to the profit before tax as follows:

	2012	2011
	HK$	*HK$*
Loss before tax	**(40,923,441)**	(42,473,181)
Tax calculated at the rates applicable to the tax jurisdiction concerned	**(6,757,848)**	(7,008,075)
Tax effect of income not taxable for tax purposes	**(742,524)**	(514,739)
Tax effect of expenses not deductible for tax purposes	**4,146,403**	3,605,306
Tax effect of tax losses not recognised	**3,285,957**	3,966,631
Tax effect of taxable temporary difference not recognised	**89,957**	(49,123)
Tax expenses for the year	**21,945**	–

8. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company of HK$40,945,386 (2011: HK$42,473,181) for the year ended 31 December 2012 includes a loss of approximately HK$43,493,192 (2011: HK$42,466,131) which has been dealt with in the financial statements of the Company.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2012	2011
	HK$	*HK$*
Loss attributable to owners of the Company		
Loss for the purpose of basic and diluted loss per share	**(40,945,386)**	(42,473,181)

	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**299,027,432**	220,842,245
Effect of dilutive potential ordinary shares:		
Share option issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss of per share	**299,027,432**	220,842,245
Basic and diluted loss of share *(HK cents)*	**(13.7)**	(19.2)

During the years ended 31 December 2012 and 2011, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

10. CONVERTIBLE BOND RECEIVABLE/DERIVATIVE COMPONENT IN CONVERTIBLE BOND RECEIVABLE

During the year ended 31 December 2012, the Group entered into an agreement to subscribe for convertible bond ("CB") with principal amount of RMB20,000,000 from Ascent Glory Holdings Limited ("AGHL"), a wholly owned subsidiary of Grand Success Business Limited ("GSBL") at a consideration of RMB20,000,000 (approximately HK$24,680,000). The CB carry interest of 20% per annum and will mature on 12 June 2014. The initial conversion price is RMB2,400 per share (subject to adjustment). Unless previously converted or lapsed, AGHL will redeem the CB on 12 June 2014 at the redemption amount which is 100% of the principal amount of outstanding CB.

Both GSBL and AGHL were incorporated in the British Virgin Islands and AGHL holds 50% equity interest in 澳門飛馬煙草(集團)有限公司 (English translation as "Macao Pegasus Tabacco (Group) Limited"), a company incorporated in Macau with principal activities of manufacture, wholesale, retail, import and export of cigarettes to and from Macau.

The CB was recognised as follows:

	Debt component *HK$*	**Derivative component** *HK$*
At date of subscription	20,620,140	4,059,860
Interests credited for the year	968,519	–
Fair value change	–	(3,890,460)
Exchange alignment	83,550	16,450
At 31 December 2012	**21,672,209**	**185,850**

11. RESTATEMENTS DUE TO CORRECTION OF PRIOR YEAR ERROR

In preparing the Group's consolidated financial statements for the year ended 31 December 2012, the Group has identified an error in its consolidated financial statements for the year ended 31 December 2011. The error was related to the presentation of fair value change in available-for-sale financial asset made.

In prior year, a reclassification adjustment was presented to reclassify the cumulative fair value losses in available-for-sale fair value reserve to accumulated losses.

However, in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, the fair value change shall be accumulated in the available-for-sale fair value reserve except for impairment losses. Until the available-for-sale financial asset is derecognised or impaired, the cumulative gain or loss in available-for-sale fair value reserve shall be reclassified from equity to profit or loss. This is because neither the available-for-sale financial asset is impaired nor is derecognised, the cumulative fair losses in available-for-sale fair value reserve should not be reclassified to accumulated losses for the year ended 31 December 2011. As a result, the cumulative fair value losses in available-for-sale fair value reserve should be increased by HK$1,725,000 and the accumulated losses should be decreased by the same amount. There was no effect on profit or loss for the year ended 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2012, the Group recorded a revenue of approximately HK$53.59 million (2011: HK$19.68 million), representing an increase of approximately 172.30% as compared with that of last year. The net loss attributable to shareholders for the year ended 31 December 2012 was approximately HK$40.94 million (2011: approximately HK$42.47 million).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

BUSINESS REVIEW

The Company is an investment company pursuant to the Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the year under review, the Group remains principally engaged in listed investments in Hong Kong and in other main stock markets around the world and also in unlisted companies.

The losses attributable to the shareholders for the year ended 31 December 2012 represented:

1) the net investment income from securities of approximately HK$0.93 million (2011: HK$2.65 million);

2) the convertible bond interest income of approximately HK$3.70 million (2011: HK$Nil);

3) the unrealised fair value losses on financial assets at fair value through profit and loss of approximately HK$12.54 million (2011: HK$20.61 million);

4) the impairment loss on available-for-sale financial assets of HK$2.64 million (2011: HK$9.36 million);

5) the fair value decrease in conversion option in respect of the convertible bond receivable of approximately HK$3.89 million (2011: HK$Nil); and

6) the operating expenses of approximately HK$27.32 million (2011: HK$15.63 million). The operating expenses was increased in line with the expansion of the business.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2012, the Group had cash and cash equivalents of approximately HK$12.63 million (2011: HK$30.20 million). The net current assets for the year ended 31 December 2012 was approximately HK$36.33 million (2011: HK$86.07 million), indicating that the Group had adequacy of liquidity. The indebtedness of the Group as at 31 December 2012 was HK$Nil (2011: HK$Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars, Renminbi and Australian dollars. Management of the Group will closely monitor the fluctuation in Renminbi and Australian dollars and take appropriate actions when needed. As at 31 December 2012, the Group does not have any hedging activities its foreign exchange exposure nor does it adopt any formal hedging policies. The Group had not entered into any financial derivatives during the year.

SHARE CAPITAL STRUCTURE

On 3 January 2012, a placing was completed pursuant to the Placing Agreement dated 6 December 2011. The Company issued a total of 49,880,000 ordinary shares with par value of HK$0.01 each at a price of HK$0.35 each. The issued share capital of the Company was thus increased from HK$2,494,200 to HK$2,993,000. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company will apply the net proceeds for the general working capital of the Company and potential investments to be identified. Other than this, there was no movement on the share capital of the Company.

CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2012, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

HUMAN RESOURCES

As at 31 December 2012, the Company has 17 full time employees, 13 in Hong Kong, 2 in Shenzhen and 2 in Shanghai.

The Company places high value on the staffs as they are the most valuable assets to grow with the Company. The Company encourages the staffs to be the best in their roles by providing training in diversified fields and address both personal development and work skills. The Company also provides workshops for staffs at different levels to build team spirit and morale. The staffs are rewarded based on Company performance as well as their performance and contribution to the Company.

STAFF COSTS

The Company's total staff costs (including directors' emoluments) for the year under review amounted to HK$7.37 million (2011: HK$5.64 million).

LITIGATION

As mentioned in 2011 annual report, Mr. Cheung Tung Lan, Tony ("Mr. Cheung"), a former Non-executive Director of the Company, applied to the court to take action against the Company and the Company's three Executive Directors under court action number HCMP 447 of 2012 ("the Application"). The Application had been heard on 17 May 2012 and the Court dismissed the Application made by Mr. Cheung and ordered him to pay the legal costs of the Application to both the Company's three Executive Directors and the Company on different basis. After allocatur, total amount which has been received from Mr. Cheung was approximately HK$1,600,000.

On 26 March 2013, the Board took civil action against Mr. Cheung for claiming back the salaries and allowances and other losses that incurred as a result of being indecently appointed as Non-executive Director of the Company because Mr. Cheung did not disclose to the Company and the Stock Exchange according to the Listing Rules that he was convicted due to in breach of the shareholdings disclosure requirements under the Securities and Futures Ordinance on 22 July 2010 and deceived the board of directors ("Board") of the Company to elect him as the Chairman of the Board and Non-executive Director from 18 March 2011 to 17 May 2012.

PROSPECT

Looking forward to the global economy, the United States will once again become the backbone of the promising recovery of global economy; the European debt crisis over Europe is gradually dissipating; the radical economic policies implemented by Japan may perhaps mark the beginning of its further economic recession. The emerging countries have become the signs of vulnerability and risk, unlike in the past in which they were signs of the global economic growth engines.

The United States, which had gradually come out from the financial crisis after striving relentlessly, is considering the QE (quantitative easing) exit, this will nevertheless trouble the global emerging economies. The United States' QE exit may not occur this year, but people's expectation will tumble the flow of global capital funds, thereby resulting capital pull-out from the emerging countries and thereby likely to cause the risk of global financial turmoil. As a leader of the emerging economies, China will no doubt become the focus of attention. It is expected that many financial institutes will give a negative outlook on China economy. We also concur that, since October 2008, as driven by the rapid growth of China economy with accumulating financial leverage, currently, its aggregate social financing capacity has reached an astonishing scale (aggregate social financing amount increased to RMB85 trillion from RMB27 trillion), and with the current economic growth slowing down, enormous financial risk may occur.

While recognising the risk of the China economy, we also noticed two aspects:

Firstly, the sustainability of the China economy. The imbalance regional economic development in China and the huge population consumption spending will provide a buffer for its economic downturn, and this will escalate the sustainability support of its economy.

Secondly, the trend of its economic structure transformation. The China economy is at its transformation stage, and downward economic development trend is inevitable. It is expected that in next three years, China's GDP growth rate will gradually drop from 9% to 7.5% and then to 6.5% and eventually to 6% or even 5%, however, it does not imply the China economy will collapse. Although the decrease in GDP growth rate will exert enormous pressure in employment, however, the fact is it may be true at the early stage, and with deepening economic structural adjustments, small and medium-sized enterprises and service sectors will enjoy more development opportunities, which in turn will help facilitating employment.

For investment market, from our study of the development history of the United States stock markets, it has revealed that, when GDP growth is entering into a time period of moderate growth, it will generate more opportunities in the investment markets. Of course, such deceleration in economic growth and economic structural transformation in China will cause a setback to those industries, such as the cyclical industries, that rely on GDP high growth originally. However, at the same time, this will bring tremendous opportunities for those industries, such as medical, education, pension and internet that represent the future development direction of China. We will continue to seek promising investment targets under such direction.

2013 is the first year of financial deleveraging of the China economy, for which those enterprises and sectors that have applied high leverage will inevitably be exposed to tremendous bombardment. We will pay more attention to the possible liquidity risks that may arise from such situation, thereby trying to avoid those risks brought by the economic fluctuations as a consequence.

Under the principle of prudence, the Company will closely monitor the changes in various marketing factors, in particular the possible policy adjustments of the United States and China. This will benefit us in exploring new investment opportunities and grasping investment timing, and timely assessing and appropriately adjusting its existing investment portfolios to strive to improve investment performance to achieve the long-term value-added goal of the Company's investment portfolio in assets.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

The Company has not purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2012.

CORPORATE GOVERNANCE

The Board has reviewed the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has adopted the same as the Company's own code of corporate governance practices. During the financial year ended 31 December 2012, the Company has complied with all of the provisions under the CG Code except for the following deviation:

Code A.2.1

Since the chairmanship of Mr. Cheung Tung Lan Tony, the ex-chairman of the Company, was removed on 16 May 2012, there was no such position so far.

Code A.4.1

All the Independent Non-executive directors were not appointed for a specific term, however, their appointment are subject to re-election.

Code A.6.7

Mr. Wang Shiyan, the former Non-executive director of the Company, Professor Chen Yamin, the former Independent Non-executive director and Mr. Zheng Gang, the Independent Non-executive director did not attend the annual general meeting held on 31 July 2012 due to their business commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules as its own codes of conduct regarding securities transactions by Directors.

On specific enquires made, all Directors have confirmed that, in respect of the year ended 31 December 2012, they have complied with the required standard as set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-executive Directors, namely Mr. Ku Siu Fu Alex, Ms. Li Meizhen and Mr. Fan Wai Kong Michael, with written terms of reference in compliance with code provision C.3.3 of the Code as set out in Appendix 14 of the Listing Rules. Mr. Ku Siu Fun Alex is the chairman of the audit committee.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters including a review and approval of the annual financial statements for the year ended 31 December 2012 ("Annual Report").

PUBLICATION ON THE STOCK EXCHANGE'S WEBSITE

The results announcement will be published on the Stock Exchange's website (http://www.hkex.com.hk). The 2012 Annual Report will be dispatched to the shareholders and will be made available on the website of Stock Exchange in due course.

On behalf of the Board
Opes Asia Development Limited
Chan Yiu Pun Clement
Executive Director

Hong Kong, 23 July 2013

As at the date of this announcement, the executive directors of the Company are Mr. Yang Yongdong, Mr. Chan Yiu Pun Clement and Mr. Zhou Tao David; the independent non-executive directors are Mr. Ku Siu Fun Alex, Ms. Li Meizhen and Mr. Fan Wai Kong Michael.